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Decode Risk. Unlock Opportunity.

March, 2023



# Master of Ceremonies

**Masha Muzyka**

Head of Risk Solutions Practice



# Opening remarks

**Helen Rider**

General Manager, EMEA





# Master of Ceremonies

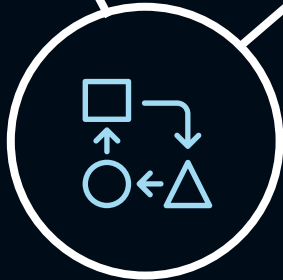
**Masha Muzyka**

Head of Risk Solutions Practice

# Through integrated risk assessment perspectives



CREDIT &  
FINANCIAL RISK



3<sup>rd</sup> PARTY/VENDOR  
MANAGEMENT

REGULATORY &  
COMPLIANCE RISK



REPUTATIONAL RISK



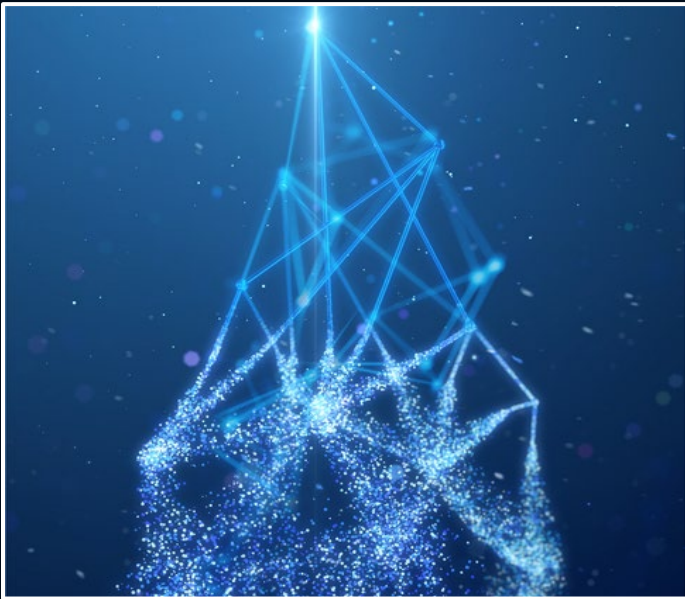
ESG & SUSTAINABILITY  
RISK



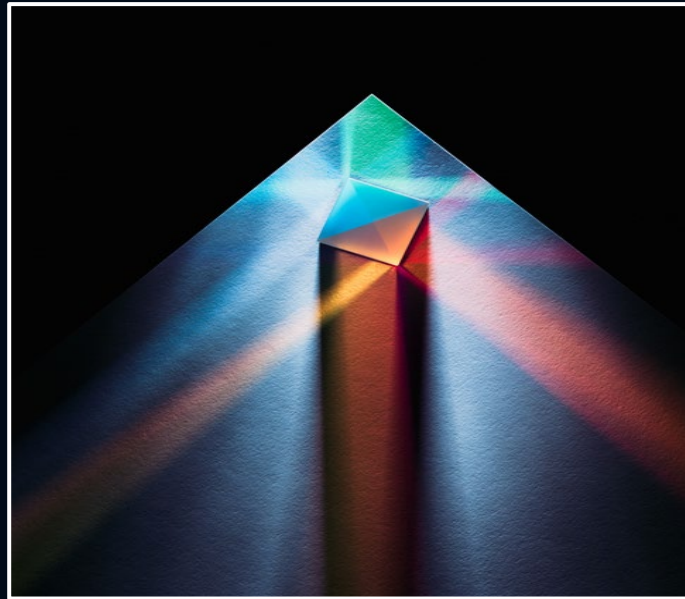
CYBER RISK

# Providing outcomes that support

ACTIONABLE INSIGHTS



IMPROVED OPERATING  
LEVERAGE



RESILIENCE & ADAPTATION





# Agenda

- 09:30** Keynote: The changing business landscape: competitive priorities for resilient banks
- 10:15** Economic overview
- 10:45** Refreshment break
- 11:15** Panel discussion: The Next Frontier of Value Creation: What Should Banks Transform to Thrive?
- 12:15** Lunch
- 13:15** Breakout streams
- 16:45** Closing keynote: BitSight
- 17:15** Closing remarks
- 17:30** Drinks





QR Code



SOLUTIONS CORNER



INNOVATION ZONE

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#London23**

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# Keynote

The changing business landscape:  
competitive priorities for resilient  
banks

**Professor Moorad Choudhry**



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## Audience Q&A Session

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**Guarav Ganguly**

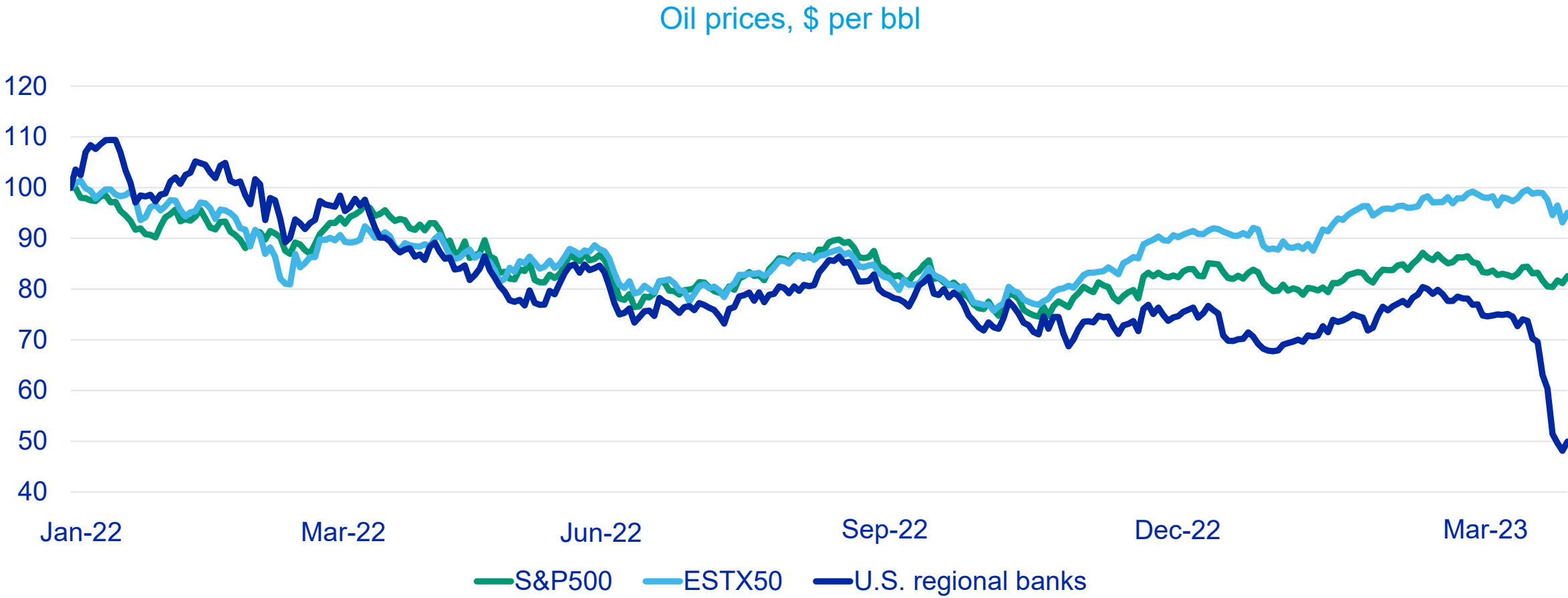
Chief Economist  
Moody's Analytics

# Europe: Testing Times

**Gaurav Ganguly, Chief EMEA Economist**

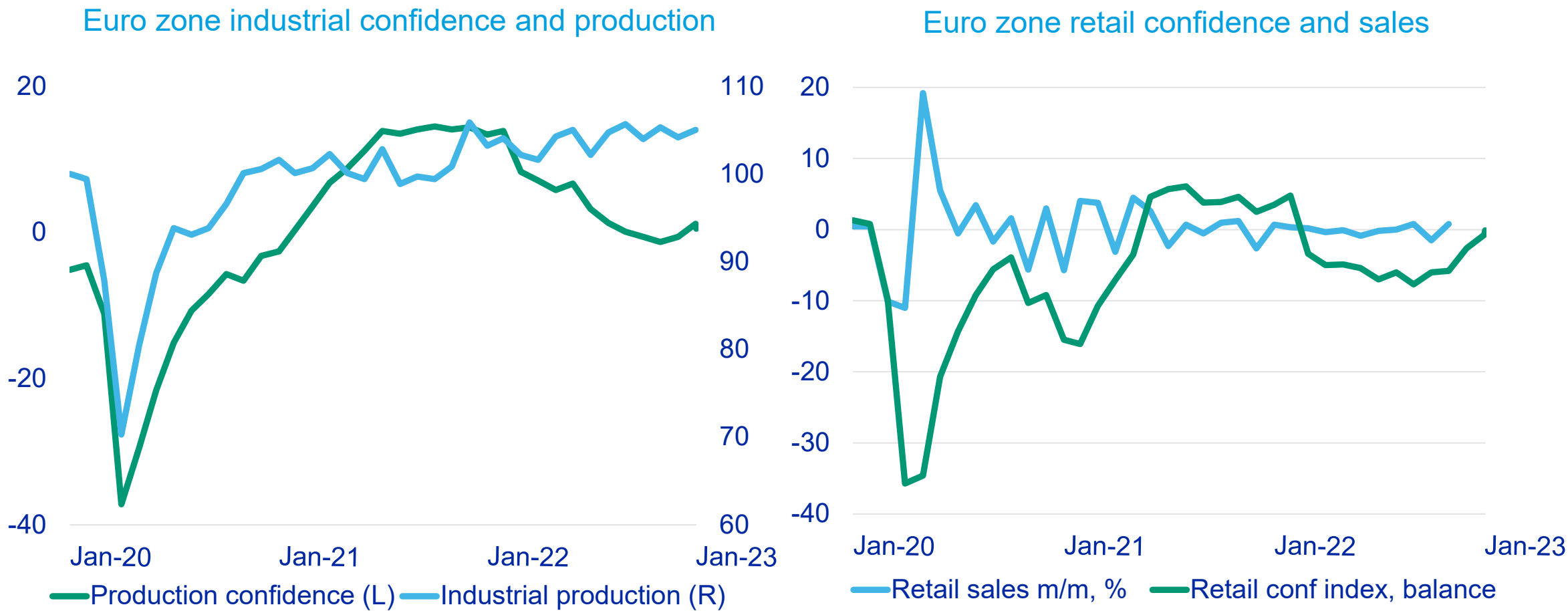
21 March 2023

# Market Turbulence Highlights Fragility



Source: Moody's Analytics

# Confidence Has Improved

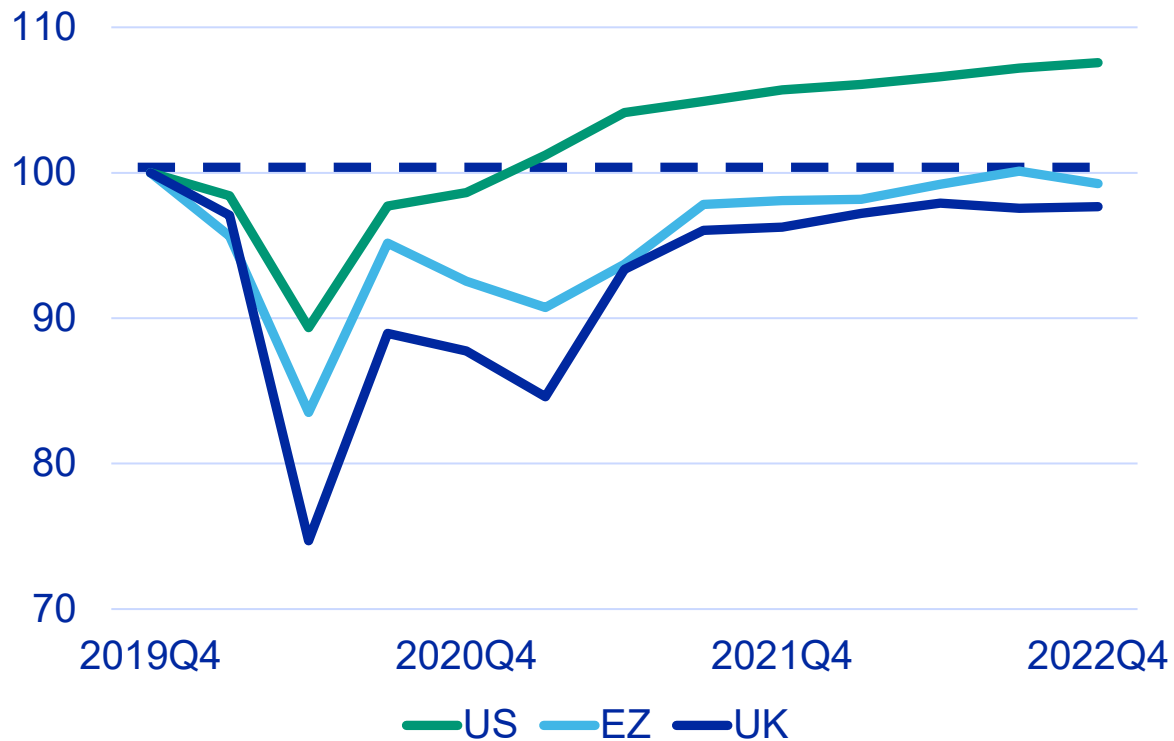


Sources: Eurostat, Moody's Analytics

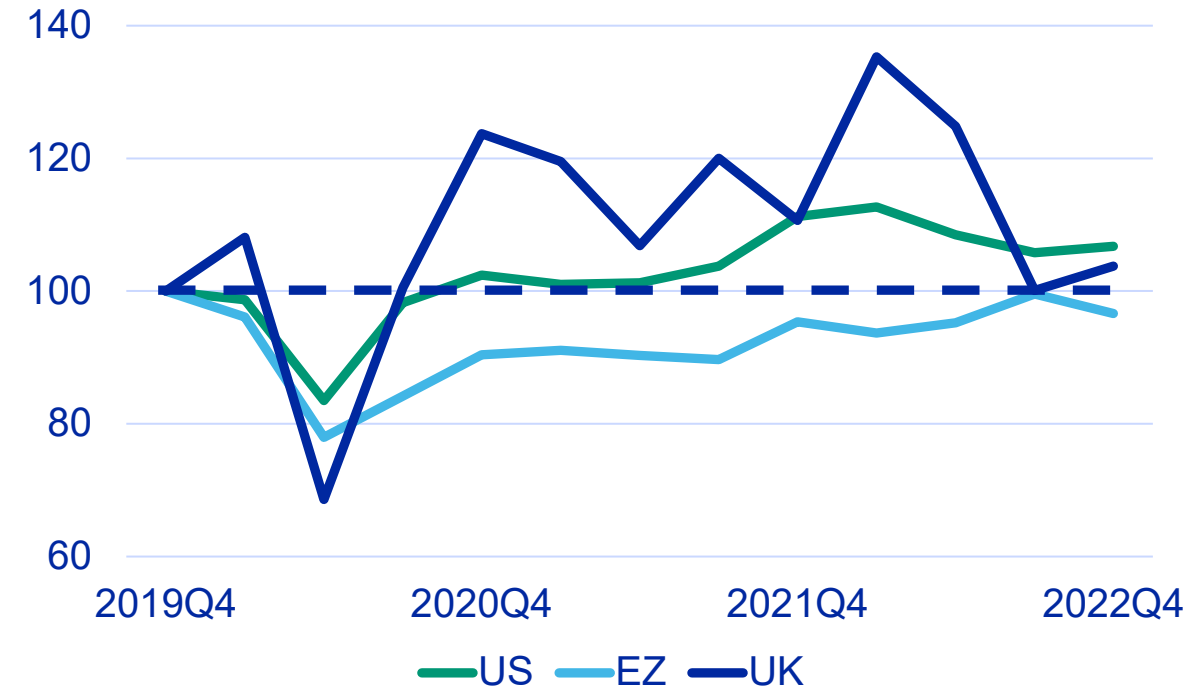


# The Economy is Fragile

Household Consumption (2019Q4=100)

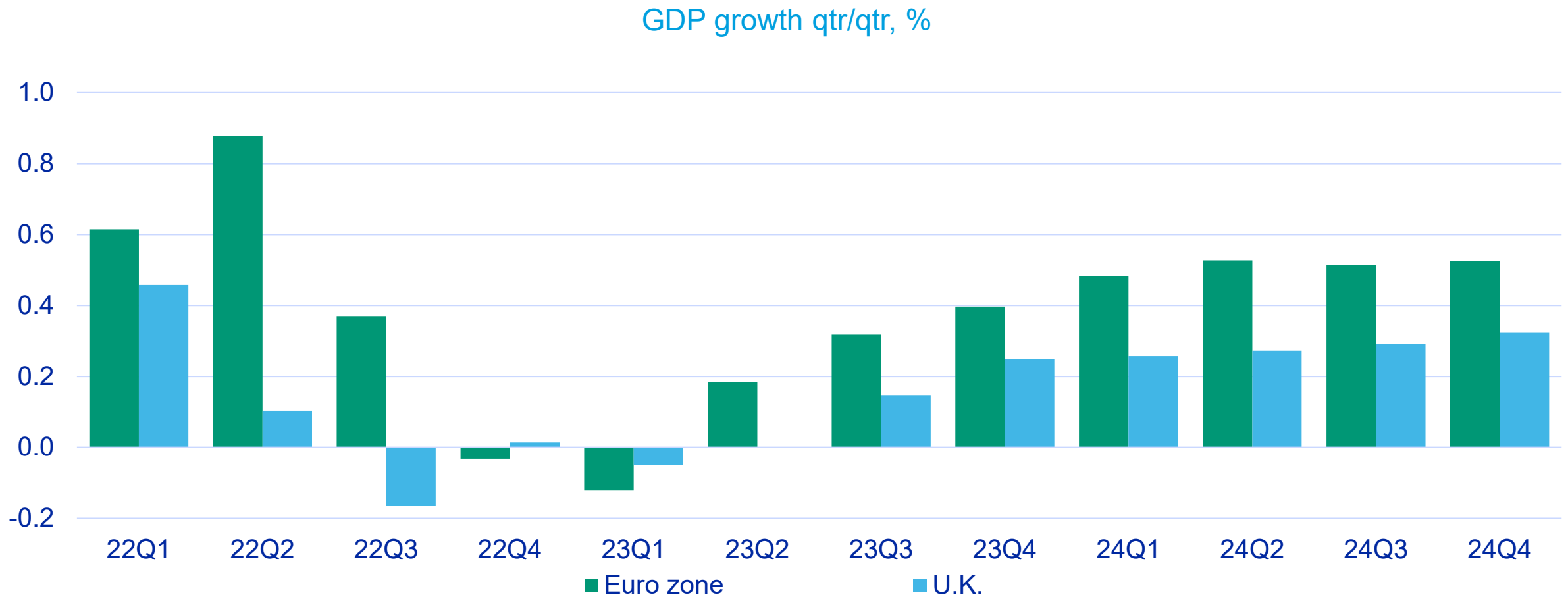


Business Investment (2019Q4=100)



Sources: Moody's Analytics

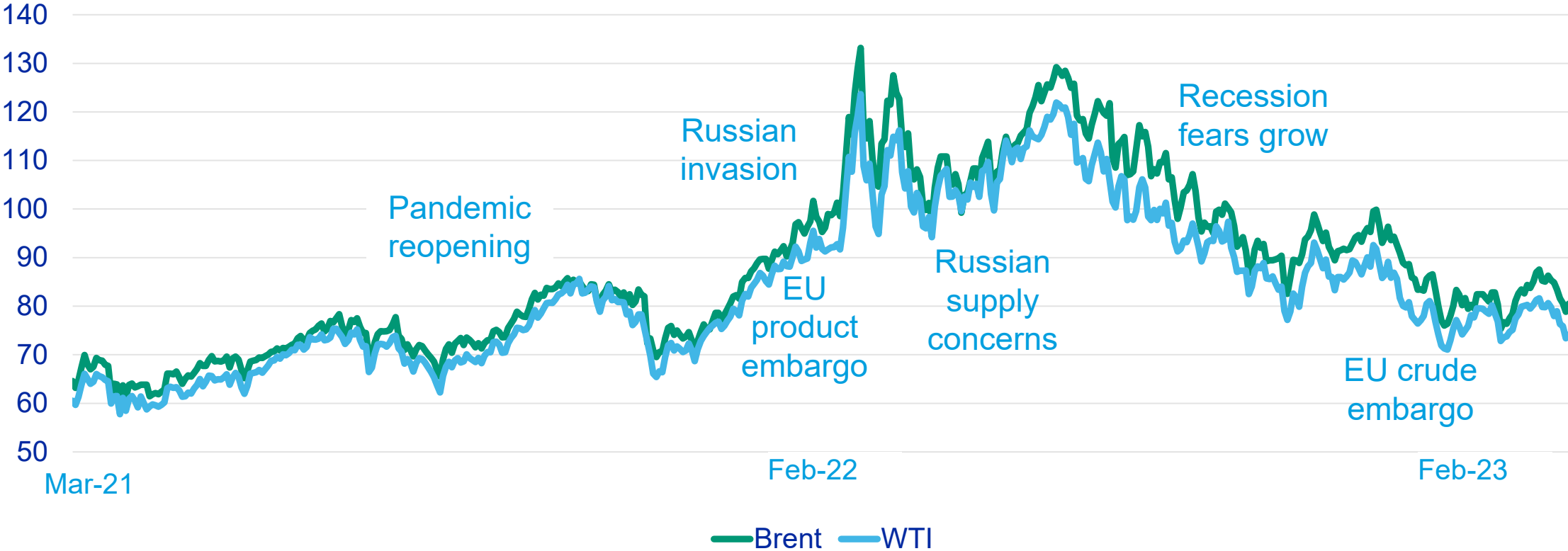
## A Soft Recovery



Source: Moody's Analytics

# Oil Markets Shrug Off Sanctions

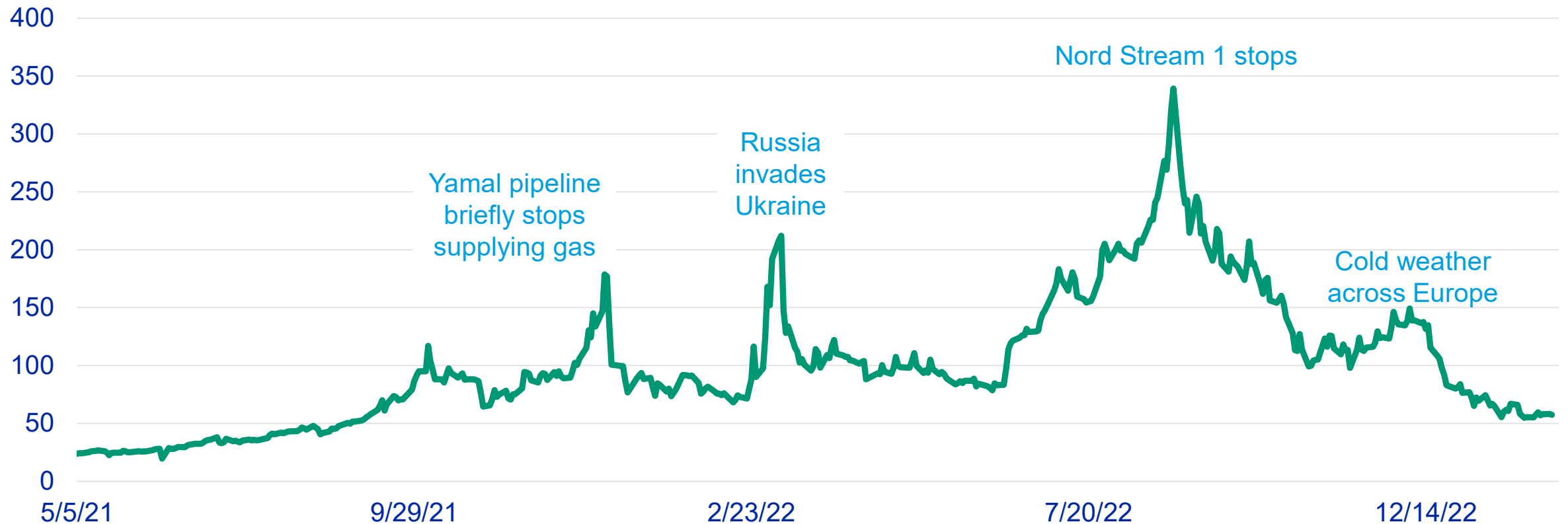
Oil prices, \$ per bbl



Sources: EIA, Moody's Analytics

# The Gas Price Has Come Down

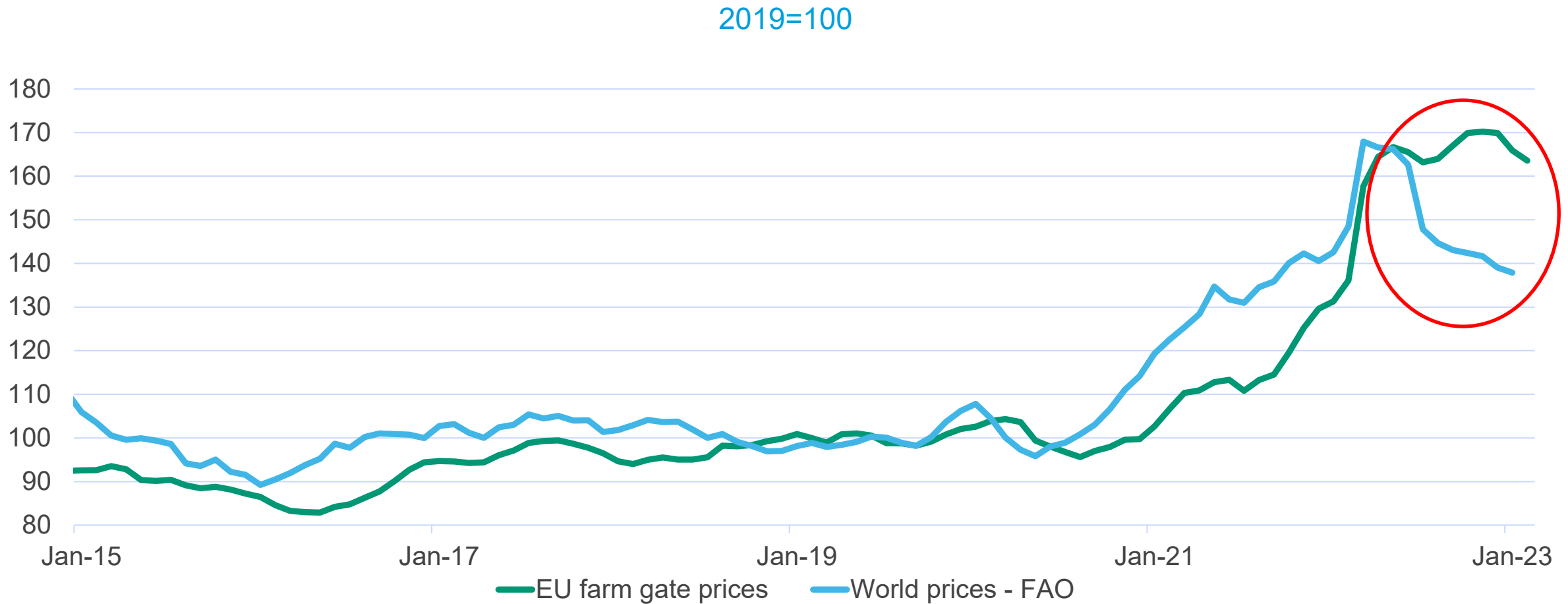
Dutch natural gas TTF, € per MWh, 1-mo forward contract



Sources: Bloomberg, Spectron Group, Moody's Analytics



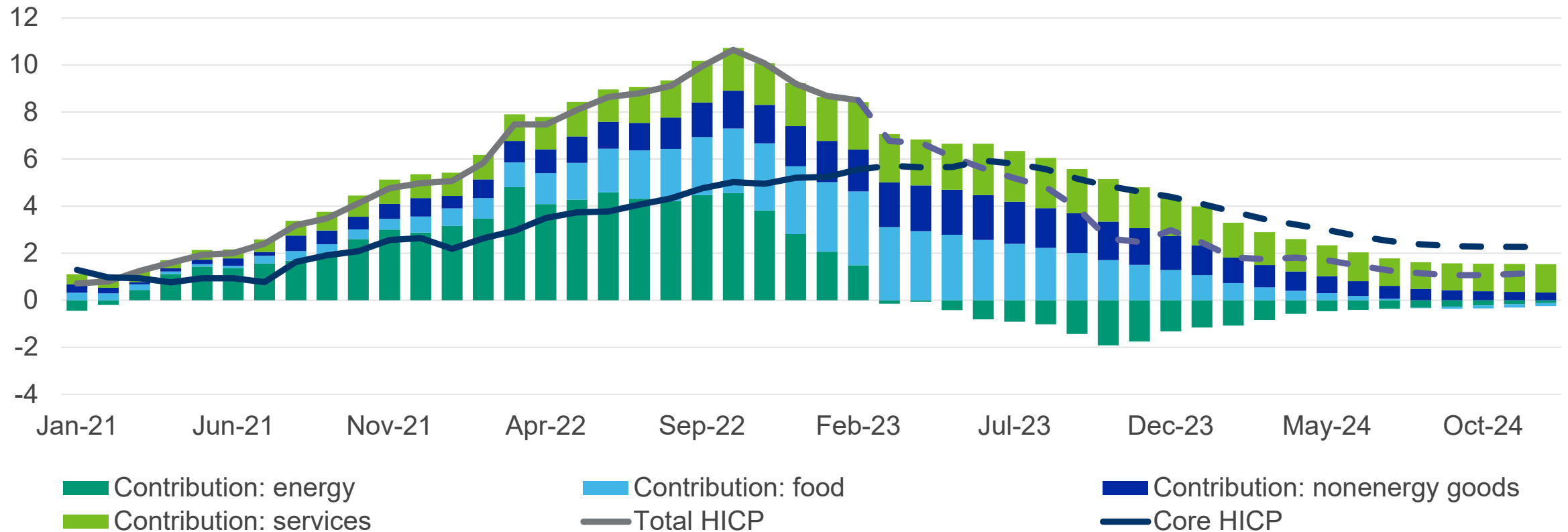
## But Food Remains High



Sources: European Commission, FAO, Moody's Analytics

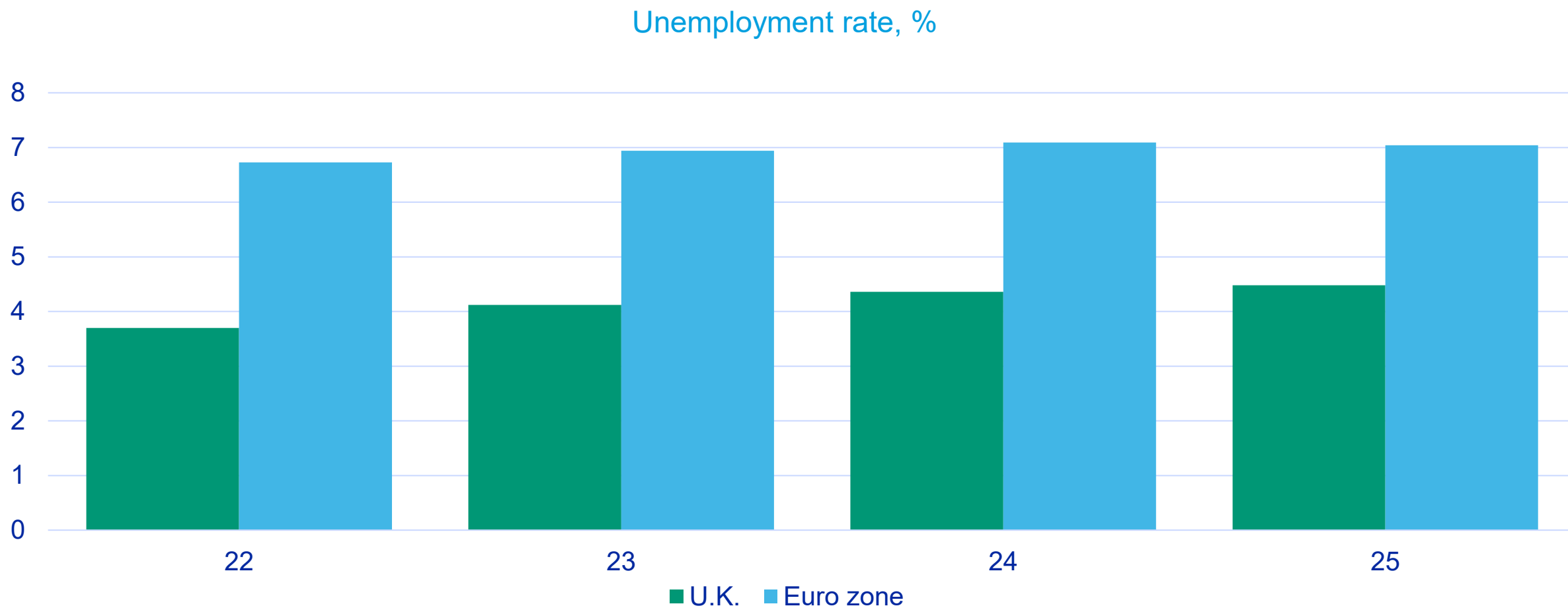
# Inflation Will Head Down

Euro zone HICP, % change yr ago; contributions, ppts



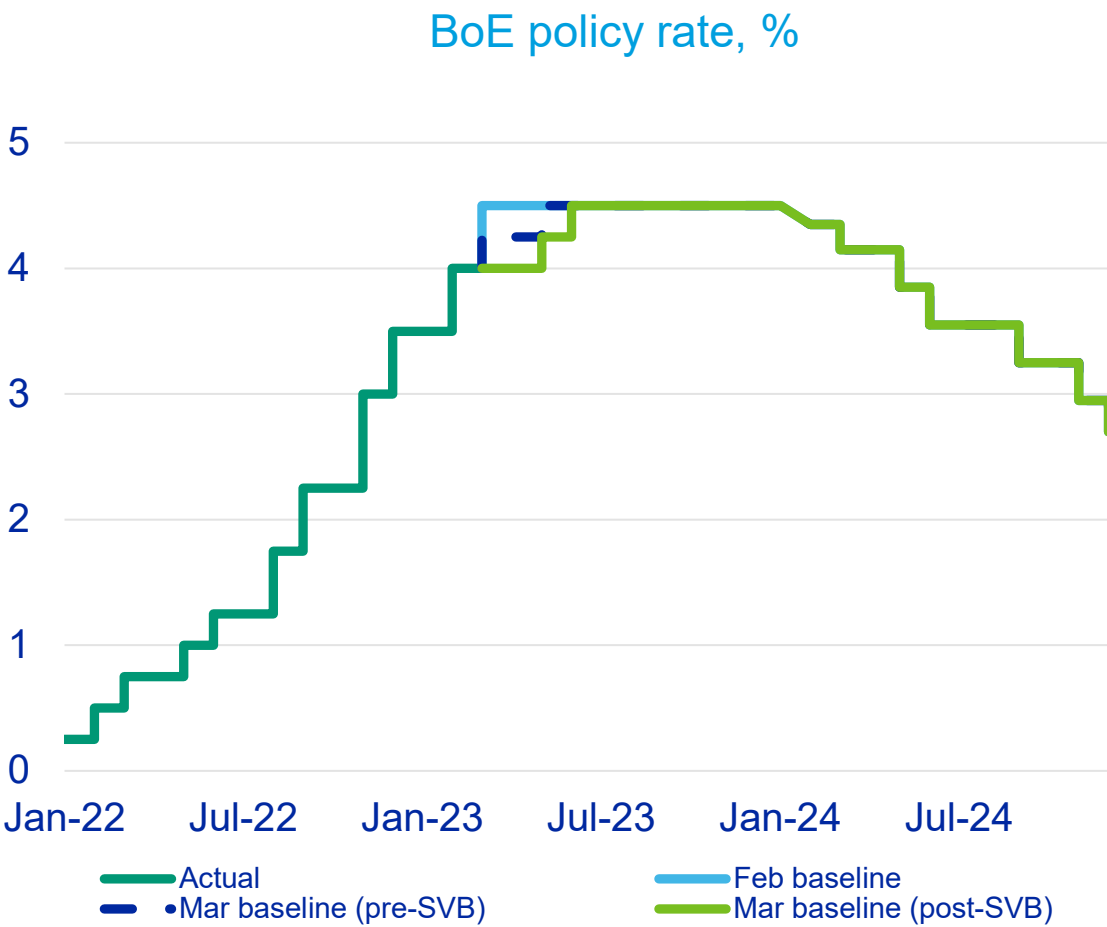
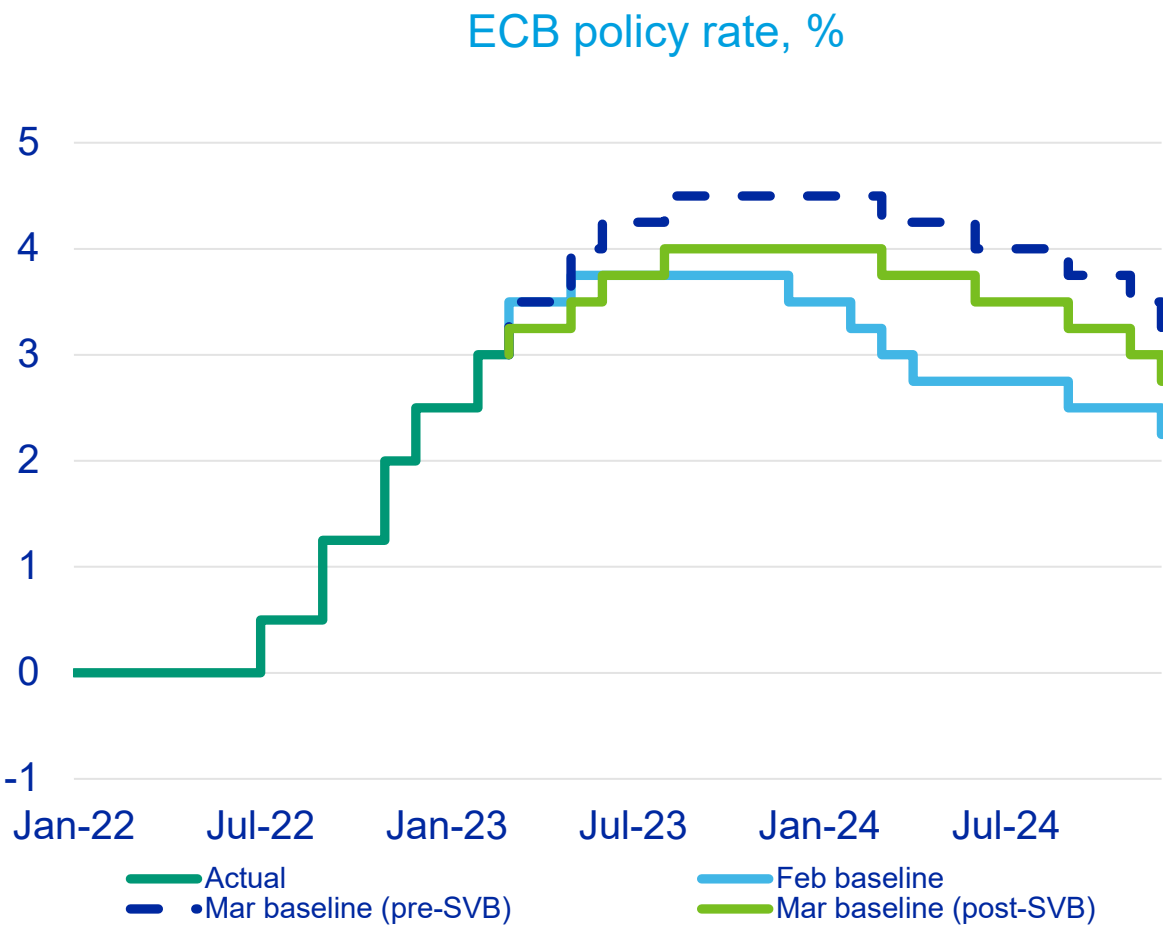
Sources: Eurostat, Moody's' Analytics

## And Unemployment Will Hold Steady



Source: Moody's Analytics

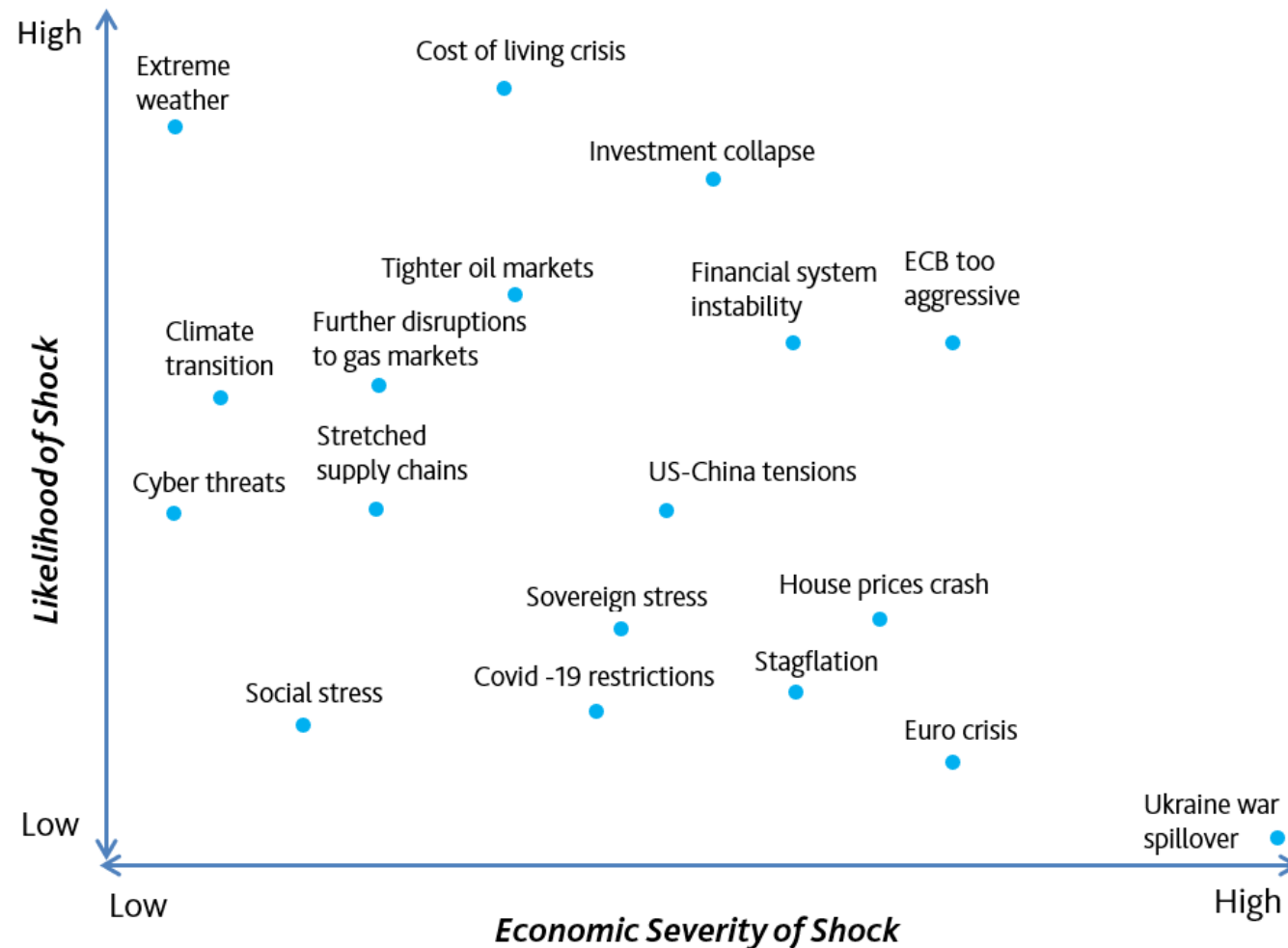
# Peak in Sight



Sources: ECB, BoE, Moody's Analytics



# The Risk Map Is Crowded



Source: Moody's Analytics

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## Audience Q&A Session

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# Refreshment Break



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# Panel Discussion

The Next Frontier of Value Creation:  
What Should Banks Transform to Thrive?



**George Anagnostopoulos**  
ex- CRO



**Gernot Hinterleitner**  
Head of Corporate Credit  
Raiffeisenbank Int



**Hanna Sarraf**  
Chief Risk Strategy Officer  
Starling Bank



**Susan Urkevich**  
Head of Sustainability  
HSBC

**Moderated by:** Professor Moorad Choudhry



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## Audience Q&A Session

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Ballroom



KYC &  
Financial  
Crime  
Compliance

Globe 1



Lending  
Pricing &  
Underwriting

Globe 2



ESG &  
Climate

Globe 3&4



Risk &  
Finance

Lunch Break



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# Keynote

Strategic approaches to Cyber Risk  
Management

**Derek Vadala**

CRO

BitSight





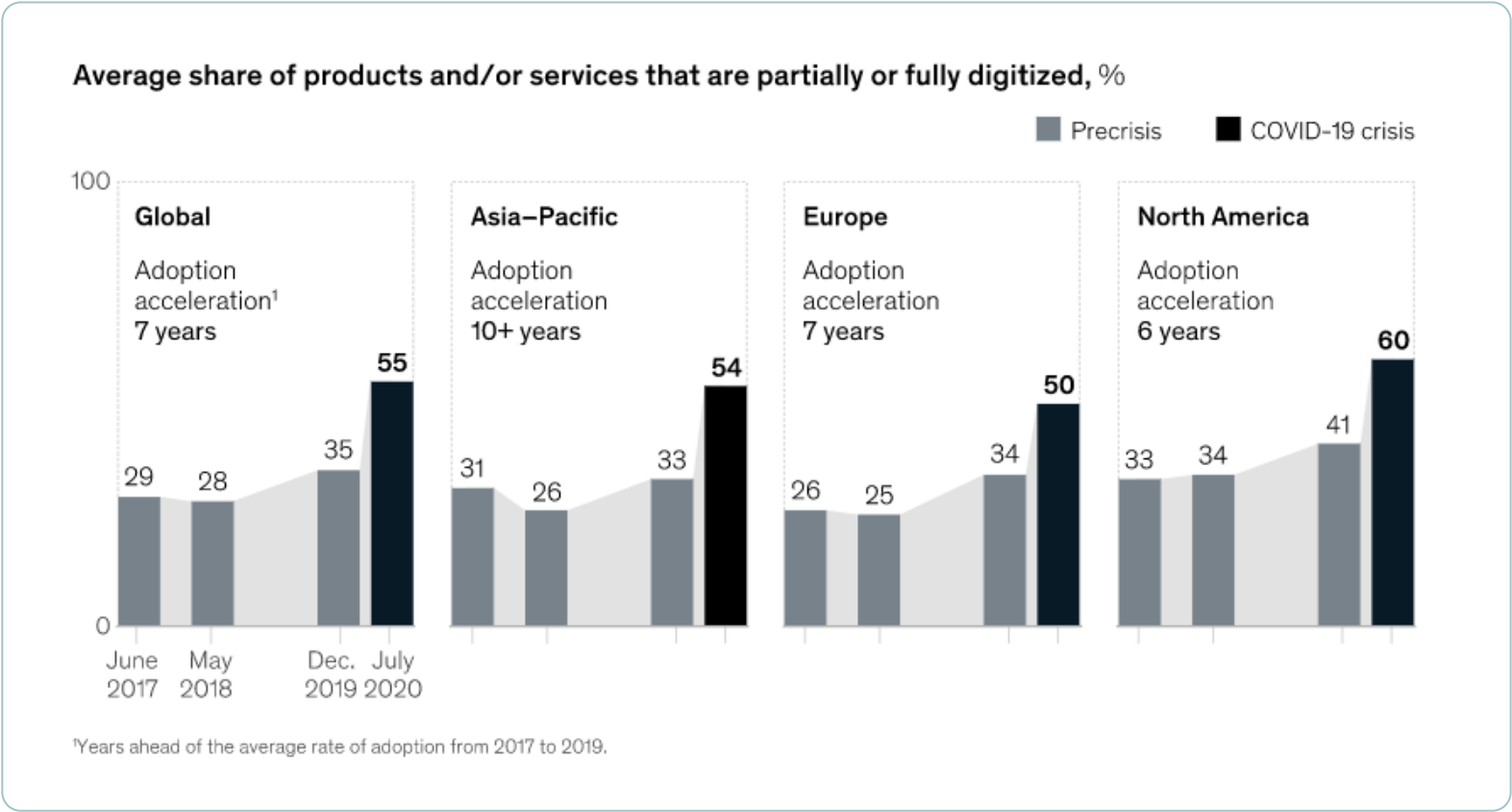


Rising Interconnection of Risks Creates  
a Market Mandate for Cyber Analytics



# Cybersecurity Risk is Growing Quickly

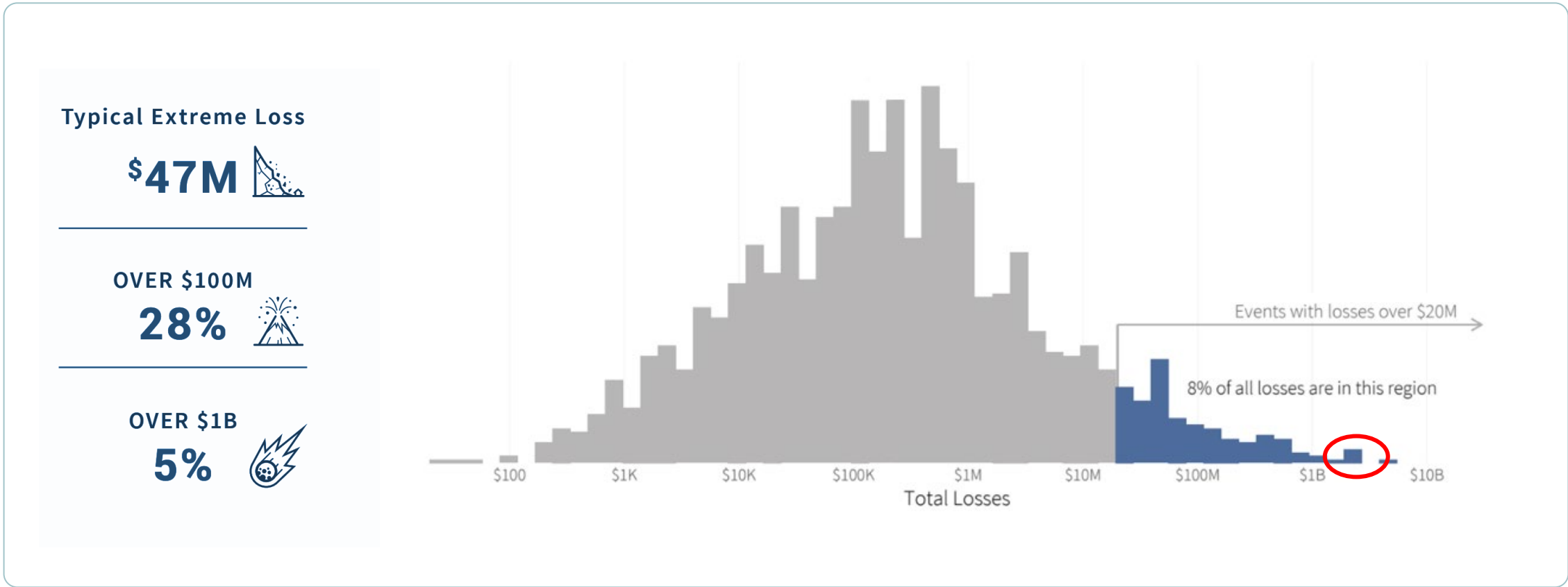
Expanding digitization, increased sophistication of threat actors and a heightened regulatory environment has resulted in cyber losses that are growing in frequency and severity



1. McKinsey (2022)

# Losses have meaningful impact on organizations

Although the majority of cyber events are resolved without large financial impact, and without public disclosure, there are a growing number of events that reach materiality



1. Cyentia Institute (2020)

# Impact of the invasion of Ukraine on the distribution of mobile malware

Geopolitical events create direct impact on cybersecurity exposure and digital assets and the changes are observable



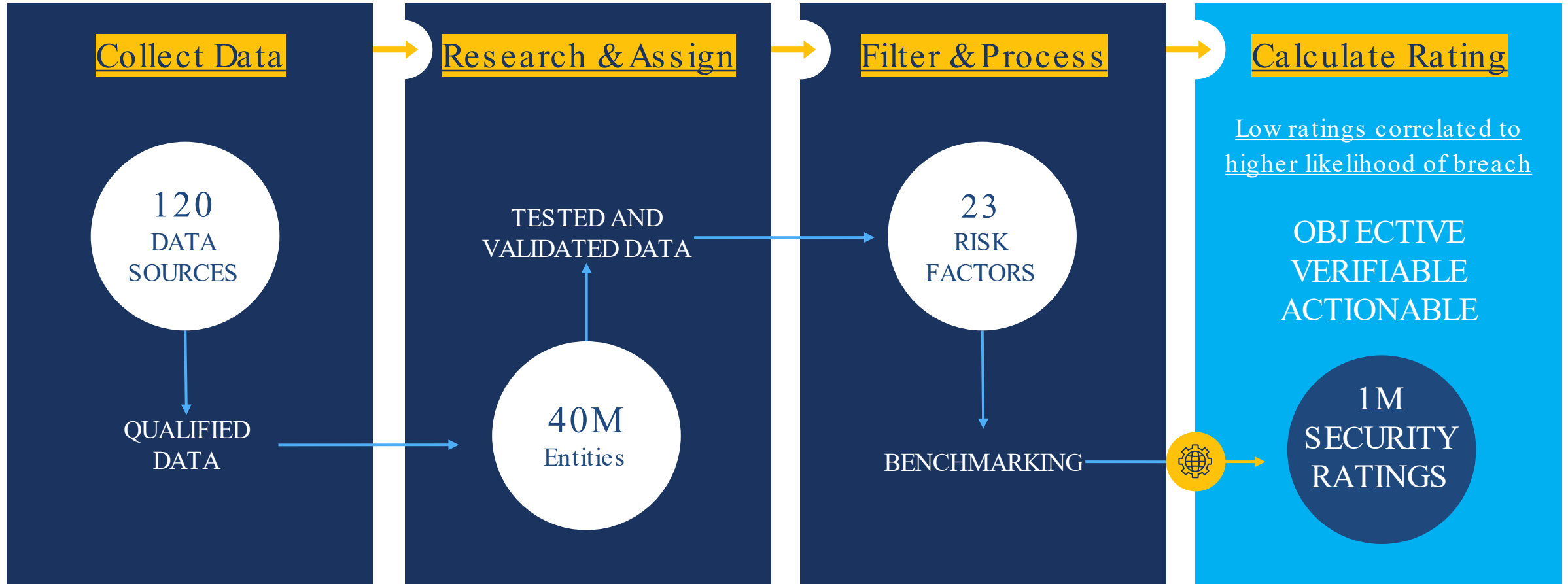
February 1-14, 2022



March 1-14, 2022

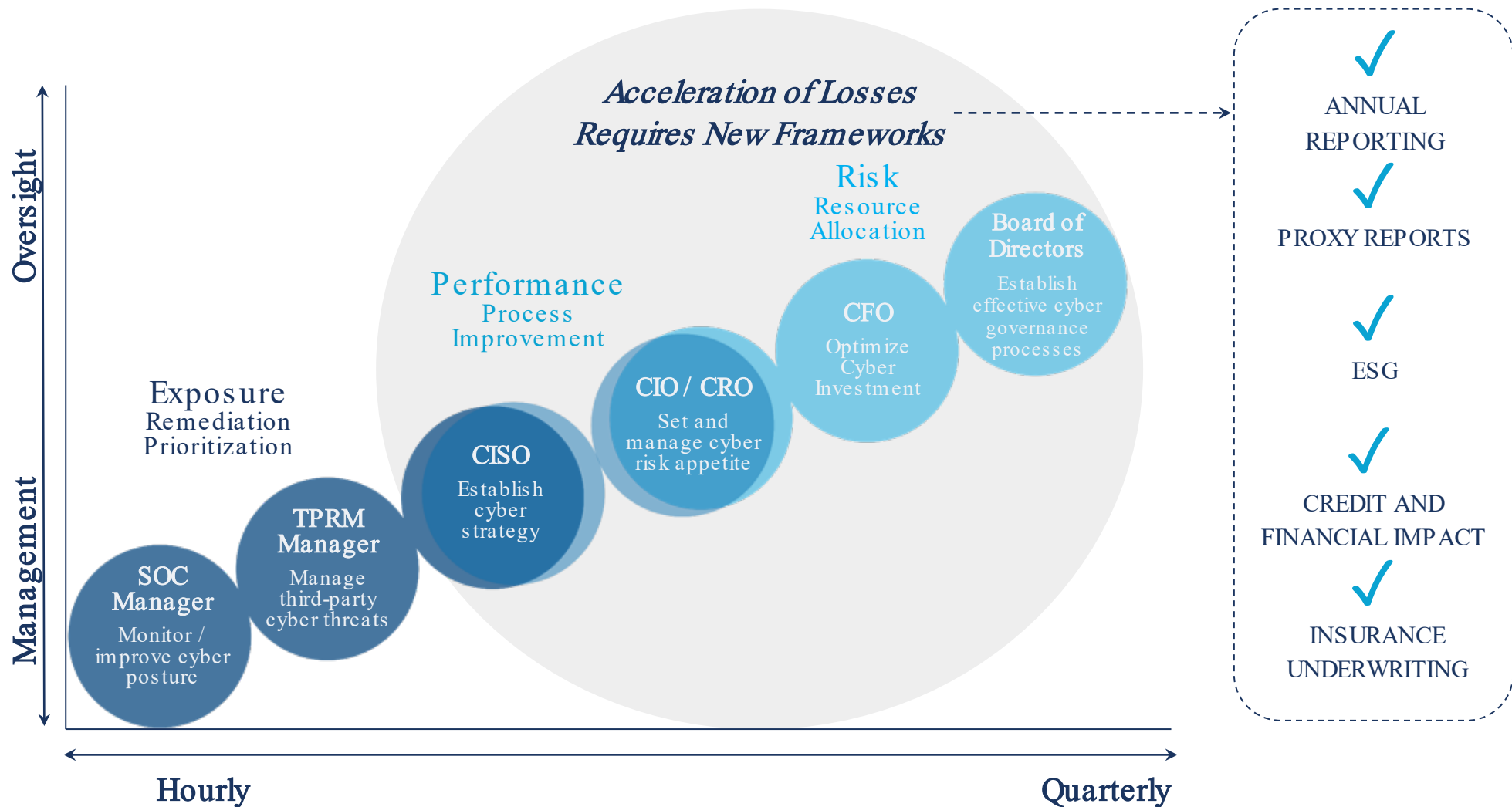
# BitSight Enables Effective Cyber Risk Assessment

BitSight uses Internet-scale data to assess, benchmark and translate cybersecurity risk into a simple, comparable metric



# Cyber Risk is Enterprise Risk

As the risk rises, cyber is a topic that cuts across organization structure and extends to counterparty risk



# Cyber Risk Transfer is Becoming Increasingly Expensive

Insurance underwriters are now actively managing risk at the individual insured in addition to the portfolio

## Cyber Insurance Market Trends

- Cyber insurance loss ratios nearly doubled from 2017-2021 driven by rise in ransomware
- Leading to significant premium increases: 100%+ in 2021 and ~50% in 2022<sup>a</sup>
- Underwriting now requires actionable cyber analytics in order to manage loss control and remain profitable

## Marsh McLennan Correlation Research

- Marsh McLennan is the largest cyber brokerage globally
- 14 BitSight metrics significantly correlate to MMC claims data
- Correlation unlocks loss ratio potential for carriers





# Cybersecurity Risk is a Critical Consideration in Investment Decisions

Investors are turning to cyber performance metrics to assess organizational performance & governance

## Proxy Reports

- Cyber analytics are now an essential component
- Input to institutional investor voting
- 13K BitSight reports via Glass Lewis



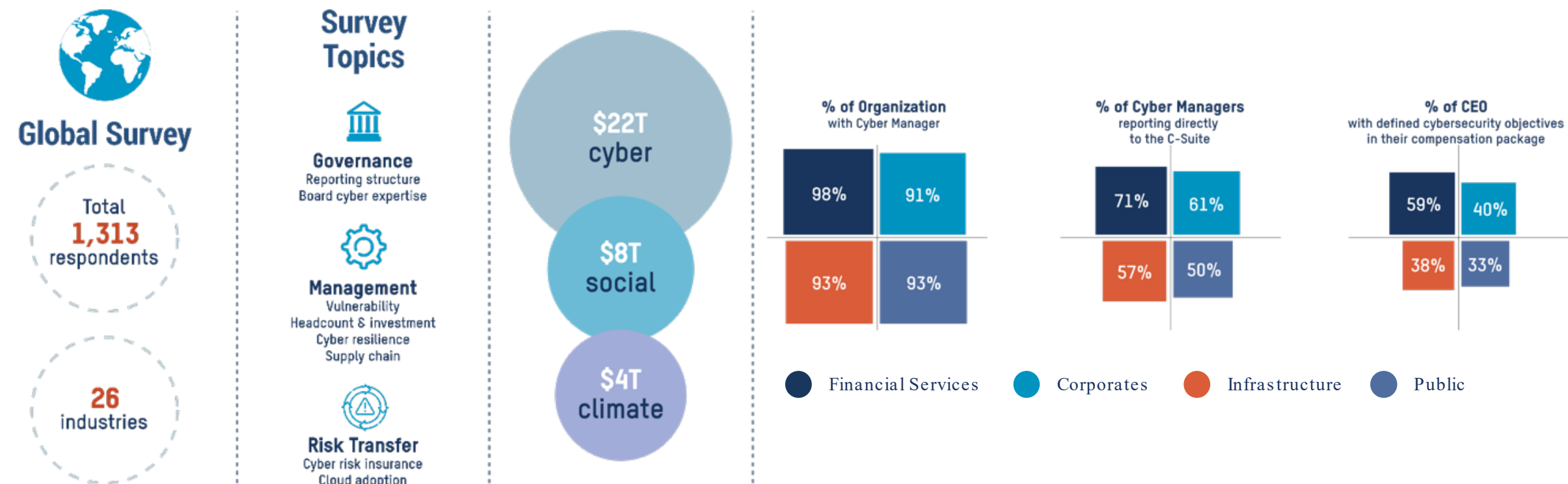
## Investment Management

- Strong, quantitative correlation to governance metrics
- Proven alpha generation to top asset managers
- Proven correlation to equity performance<sup>1</sup>



# BitSight and Moody's are Building Unique Datasets

Combining BitSight analytics and MIS survey data allows for deeper insight on corporate governance



# Disclosure Regulation Further Drives the Need for Analytics

Boards and executives need to measure performance and manage disclosure effectively

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INVESTORS SERVICE

SECTOR IN-DEPTH  
28 April 2022

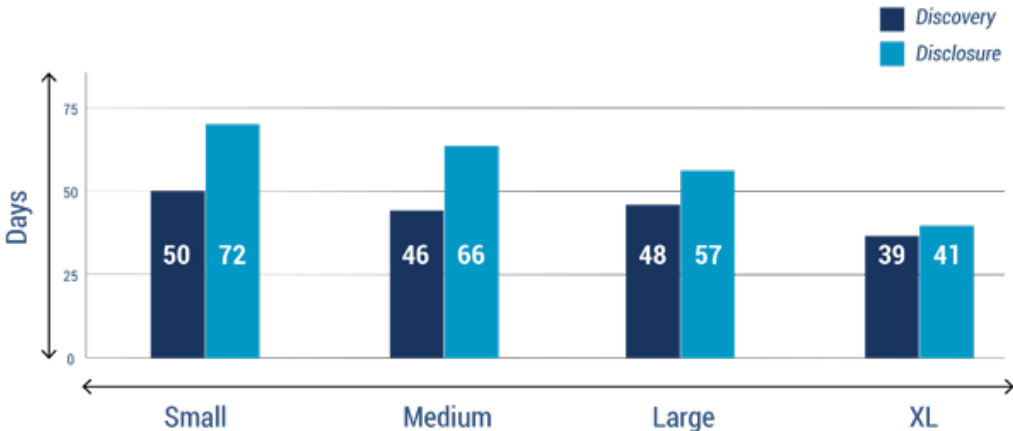
Cyber Risk – US  
SEC disclosure rules would improve transparency of cyber risk management

Send Your Feedback

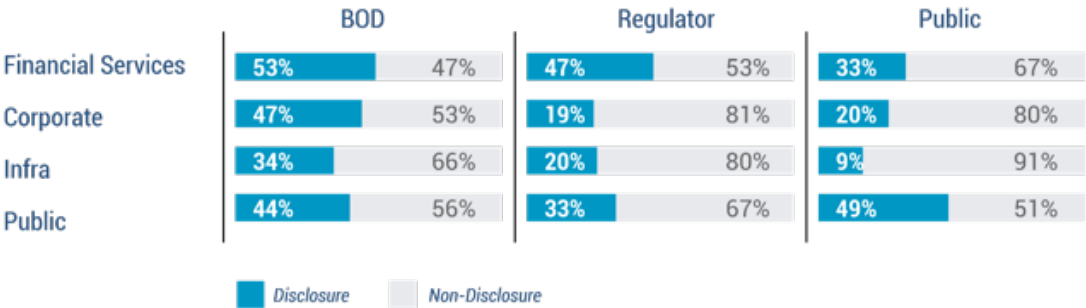
Press Release

SEC Proposes Rules on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure by Public Companies

**FOR IMMEDIATE RELEASE**  
**2022-39**  
Washington D.C., March 9, 2022 — The Securities and Exchange Commission today proposed amendments to its rules to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by public companies.

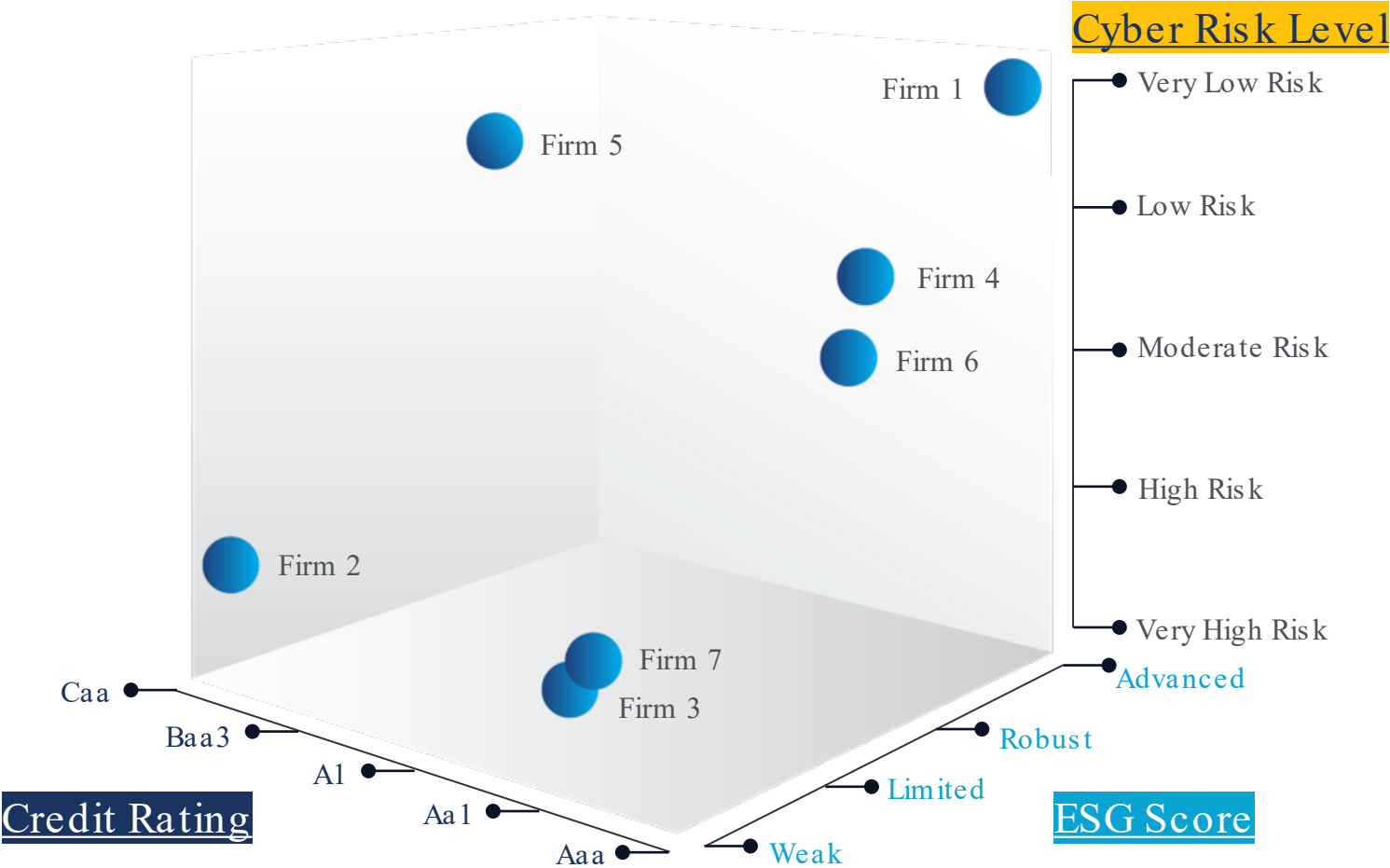


Moody's survey finds material discrepancies in cyber event disclosures



# Cyber is Critical to Integrated Risk

Effective holistic risk management requires a common taxonomy to understand interconnected risks



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## Audience Q&A Session

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# Closing Remarks



**Masha Muzyka**

Head of Risk Solutions Practice



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**How would you rate today's event?**

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**What has been the highlight of your day?**

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# Drinks Reception



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